

## Message Text

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71

ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 /082 W

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R 051245Z MAR 76

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9715

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS HELSINKI 467

E.O. 11652: N/A

TAGS: ECON, ELAB, FI

SUBJECT: FINNISH EMPLOYMENT MAINTENANCE SUBSIDY

1. SUMMARY: AS OF MARCH 1 EXPORT AND IMPORT-SUBSTITUTING ENTERPRISES IN FINLAND MAY APPLY FOR GOVERNMENT SUBSIDY TO MAINTAIN LEVELS OF EMPLOYMENT. MAXIMUM SUBSIDY PER EMPLOYEE IS EQUAL TO DAILY RATE OF STATE UNEMPLOYMENT COMPENSATION AND IS PAID FOR EACH EMPLOYEE WHOM ENTERPRISE WOULD OTHERWISE HAVE TO LAY OFF BECAUSE OF INTERNATIONAL RECESSION. END SUMMARY.

2. ON FEBRUARY 26 FINNISH GOVERNMENT DECIDED TO HELP SUPPORT PRESENT LEVELS OF EMPLOYMENT IN EXPORT AND IMPORT-SUBSTITUTING ENTERPRISES WHICH BECAUSE OF ECONOMIC RECESSION IN FINLAND AND ABROAD ARE IN DANGER OF BEING FORCED TO LAY OFF TEMPORARILY PART OF THEIR WORK FORCE. MAXIMUM SIZE OF SUBSIDY IS DETERMINED BY DAILY RATE OF STATE UNEMPLOYMENT COMPENSATION PER UNEMPLOYED WORKER WHICH IS NOW FMK 42 AND WILL INCREASE TO FMK 51 AFTER APRIL 1. THIS IS FIRST UNCLASSIFIED

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TIME FINLAND HAS TRIED PROGRAM OF EMPLOYMENT MAIN-

TENANCE THROUGH STATE SUBSIDIZATION OF THIS TYPE.  
IT IS EXPECTED THAT SUBSIDIZED PRODUCTION WILL HAVE  
TO GO INTO INVENTORY.

3. GOVERNMENT SUBSIDY IS TO BE PAID TO THOSE ENTER-  
PRISES WHICH HAVE "PREREQUISITES" FOR PROFITABLE  
PRODUCTION. AFTER RECEIVING SUBSIDY, ENTERPRISES  
ARE COMMITTED TO KEEP MARGINAL EMPLOYEES EITHER AT  
WORK OR IN TRAINING. REGIONS WITH HIGH UNEMPLOYMENT  
WILL BE GIVEN SPECIAL CONSIDERATION AND WILL HAVE  
EASIER ACCESS TO EMPLOYMENT SUBSIDY.

4. THE PRESS ESTIMATES THAT 7,000 - 8,000 WORKERS  
ARE LIKELY TO BENEFIT FROM SUBSIDY. IF SUCH LEVEL  
OF SUBSIDY WERE TO BE PAID FOR SIX MONTHS, STATE  
EXPENDITURES WOULD INCREASE BY FMK 45 MILLION.  
MINISTRY OF LABOR CONSIDERS SUBSIDY PROGRAM GOOD  
ALTERNATIVE TO STATE EMPLOYMENT-CREATING PROJECTS  
WHICH OFTEN HAVE DIFFICULTIES ABSORBING LAID-OFF  
INDUSTRIAL WORKERS.

5. COMMENT: SUBSIDIZATION PROGRAM WILL HAVE  
LIMITED IMPACT ON FINLAND'S UNEMPLOYMENT SITUATION.  
AT BEST IT WILL REDUCE BY 10 PERCENT OR LESS LEVEL  
OF UNEMPLOYMENT THAT OTHERWISE WOULD HAVE EXISTED.  
(FINLAND'S UNEMPLOYMENT TOTAL IS NOW NEARLY 100,000.)  
SUBSIDY PER WORKER UNDER THIS SCHEME AVERAGES ABOUT  
HALF THE DAILY INDUSTRIAL WAGE, AND IS APPROXIMATELY  
EQUAL TO INDIRECT SOCIAL CHARGES PAID BY EMPLOYER  
TO STATE FOR EACH EMPLOYEE. FIRMS WILL STILL HAVE  
TO FINANCE LARGE SHARE OF WAGE BILL OF STATE-  
SUBSIDIZED WORKERS, RAW MATERIALS AND OTHER  
EXPENSES. TIMO LAATUNEN, MANAGING DIRECTOR  
OF CONFEDERATION OF FINNISH INDUSTRIES, CHARACTERIZED  
PROGRAM AS "POOR MAN'S VERSION OF SWEDISH SUBSIDY  
FOR INVENTORY PRODUCTION," WHICH WAS INSTITUTED  
SEVERAL MONTHS AGO. FINNISH SCHEME MAY NOT BE  
FINANCIALLY ATTRACTIVE ENOUGH TO INDUCE MANY ELIGIBLE  
EMPLOYERS TO PARTICIPATE.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESS FIRMS, SUBSIDIES, UNEMPLOYMENT COMPENSATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Office:** ACTION EUR  
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**Page Count:** 2  
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**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
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**Review Date:** 28 JUN 2004  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FINNISH EMPLOYMENT MAINTENANCE SUBSIDY  
**TAGS:** ECON, ELAB, FI  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006